

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines  
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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December 1996

ITEMS TO REMEMBER

DECEMBER

- December 1: Prove the Fund Ledger and Ledger of Receipts for the month of November to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- December 20: Last day to report and make payment of state and county income tax withheld during November to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- December 20: Payment for school aid bonds and coupons due in January must be made to civil townships by school corporations reorganized according to the provision of Chapter 202, Acts of 1959 if the reorganization plan provides for such payments or if the board of school trustees by resolution adopted has provided for such payments. (IC 20-4-1-35)
- December 25: Merry Christmas - Legal Holiday (IC 1-1-9-1)

JANUARY

- January 1: New Year's Day - Legal Holiday (IC 1-1-9-1)
- January 2: Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements and Balances by recording the appropriations by programs approved by the board of school trustees in the Resolution of Appropriations for the 1997 calendar year unless such appropriations must be reduced pursuant to action taken by the County Board of Tax Adjustment (if applicable) or by the State Board of Tax Commissioners. Record in the expenditure accounts of each program the allotments made by the board of school trustees. Also add to the 1997 year's appropriations by programs and to the expenditure accounts by allotments, any encumbered appropriations and allotments of the 1996 calendar year to be carried forward.

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**JANUARY**  
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- January 7-31: Annual meeting of the school board to organize as board of finance by electing one member as president and one member as secretary for the year. (After the first Monday and on or before the last day of January.) (IC 5-13-7-6)
- January 20: Martin Luther King's Birthday - Legal Holiday (IC 1-1-9-2)
- January 20: Last day to report and make payment of state and county income tax withheld during December to the Department of State Revenue. (Please review Volume 100, December 1987, "The School Administrator")
- January 31: Last day to file fourth quarter report with the Internal Revenue Service and complete payment of federal tax withheld. Each employee shall be furnished Form W-2.
- January 31: Last day to file form 100-R, Report of Names, Addresses, Duties and Compensation of Officers and Employees, with the State Board of Accounts.

**FEBRUARY**

- February 1: Prove all ledgers for the month ending January 31 as outlined for the month of December.
- February 12: Lincoln's Birthday - Legal Holiday (IC 1-1-9-1)
- February 20: Last day to report and make payment of state and county income tax withheld during January to the Department of State Revenue. (Please review Volume 100, December 1987, of "The School Administrator").
- February 21: Washington's Birthday - Legal Holiday (IC 1-1-9-1)
- February 28: Last day to file withholding statements together with Yearly Reconciliation of Employer's Quarterly Tax Returns with Internal Revenue and Indiana Department of State Revenue, respectively.

**SOCIAL SECURITY**

We understand that for 1997 the maximum amount of taxable and creditable annual earnings subject to social security will increase to \$85,400, up from \$62,700 in 1995. No maximum base for Medicare will exist. Rates will remain at the 1996 level at a combined rate of 7.65 percent (both employer and employee for a total of 15.3 percent) representing a 6.20 percent rate for social security and 1.45 percent for Medicare.

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**INSURANCE FOR SCHOOL LUNCH EMPLOYEES**

Compensation Insurance. Pursuant to IC 22-3-6-1, all State and political subdivisions are subject to the provisions of the Workmen's Compensation Act. The Attorney General stated in Official Opinion No. 61 of 1949 that cooks and cook's helpers employed for the school lunch program are eligible for benefits under the Workmen's Compensation Act. We are not aware of any changes to the Opinion. IC 20-5-6-4 authorizes the governing body of a school corporation to supervise and control a school lunch program through a School Lunch Fund in a school corporation bank account or through an extra-curricular bank account. In either method, the employees of a school lunch program are to be included in any workmen's compensation policy covering school corporation employees. Payment of premium on the policy shall be made from the General Fund of the school corporation; however, in the case of a school corporation whose School Lunch Fund is in the extra-curricular account, the School Lunch Fund may reimburse the school corporation General Fund for the amount of the premium paid on account of school lunch employees or any part thereof, if so determined by a board of school trustees.

In school corporations where school lunch cooks and helpers are paid from an extra-curricular account, we recommend that it be specifically stated in the worker's compensation insurance policy that said policy includes school lunch personnel paid from an extra-curricular account.

Group Insurance. If the school lunch program is administered through a School Lunch Fund in the school corporation records, the school lunch personnel would be non-instructional employees of the school corporation and would be included in any contract for group insurance as defined in IC 5-10-8-1 which the school corporation carries for its employees. That portion of the premium of such insurance which is paid by the school corporation would be disbursed from the School Lunch Fund. IC 5-10-8-1 defines employee if the individual is employed by a school corporation, as a full or part-time employee.

If the school lunch program is administered through an extra-curricular account, the salaries and any employer paid group insurance premiums for the school lunch personnel will normally be paid from the School Lunch Fund in the Extra-Curricular Account. IC 5-10-8-2.6 provides that a public employer has authority to contract for group insurance in relation to its employees and pay a part of the cost of such insurance. IC 5-10-8-2.6(b) provides the public employer may, however, exclude part-time employees and persons who provide services to the unit under contract. An appropriation may be made in the Food Services Function of the school corporation General Fund to pay some of the cost of the school lunch program when necessary and the governing board so desires. Thus, an appropriation of General Fund money may be made for salaries and wages of school lunch personnel and for a part of the cost of premium on group insurance for school lunch personnel when the program is administered in an extra-curricular account.

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**SCHOOL BUS DRIVERS  
EMPLOYMENT, INSURANCE, WITHHOLDINGS**

**Non-Instructional Employees**

IC 20-9.1-1-7 and IC 20-9.1-2-3 provide that if a school corporation owns in its entirety the school bus equipment, the corporation may employ school bus drivers in the same manner as other non-instructional personnel who are employed by the school corporation, on a school year basis; however, the employment contract shall be in writing. The form is prescribed by the State School Bus Committee. The title is "School Bus Driver's Employment Contract". Therefore, even though the drivers of corporation owned buses are non-instructional employees, they must have a written and signed contract on the prescribed form. The school corporation providing pupil transportation under IC 20-9.1-2-3 shall purchase and carry public liability and property damage insurance covering the operation of the corporation owned school bus equipment. In addition, the school corporation may carry such additional insurance, including health and accident and medical payments insurance, as the Board deems necessary.

Payroll deductions shall be made from the salaries of drivers of corporation owned school buses in the same manner as from other non-instructional employees. These drivers would also be included in workmen's compensation insurance and other benefits as provided other non-instructional employees.

**Independent Contractors**

IC 20-9.1-1-8 and IC 20-9.1-2-4 provide that when a school bus driver is required to furnish either the school bus body or the chassis or both, the governing body of the school corporation shall enter into a written transportation contract with the school bus driver. The contract form is prescribed by the State School Bus Committee and is titled "Driver Owned Equipment Contract for Transporting Children". The procedure to follow in bidding and awarding of these types of contracts begins at IC 20-9.1-24.

School bus driver contractors furnishing all or part of the transportation equipment have been considered independent contractors and therefore have not been included on the payroll of the school corporation or subject to payroll deductions. However, IC 20-9.1-2-4(b) now states "The transportation contract may include a provision enabling the school bus driver to be eligible for the life and health insurance benefits (and other fringe benefits) afforded to other school personnel."

**Fleet Contractors**

When a pupil transportation contractor is required to furnish two (2) or more school buses and school bus drivers, the governing body of a school corporation shall enter into a written fleet contract. The fleet contract form is prescribed by the State School Bus Committee and is titled "Fleet Contract for Transporting Children". The procedure to follow in bidding and awarding fleet contracts is provided beginning at IC 20-9.1-2-4.1.

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SCHOOL BUS DRIVERS, EMPLOYMENT, INSURANCE, WITHHOLDINGS  
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School bus drivers performing under the provisions of a fleet contract have not been included on the payroll of the school corporation since they are working under the provisions of an independent contract. These contractors have not been subject to payroll deductions. IC 20-9.1-2-4.1(b) now states "The transportation contract may include a provision enabling the school bus driver to be eligible for the life and health insurance benefits (and other fringe benefits) afforded to other school personnel."

The Internal Revenue Service should be consulted to determine if the providing of fringe benefits or the control of work conditions would have an impact on payroll status in any individual school corporation.

APPROVAL OF ACCOUNTS PAYABLE VOUCHERS (CLAIMS) BY GOVERNING BOARD

The board of school trustees or other governing body of a school corporation has the responsibility to examine and approve all accounts payable vouchers (claims) before they are forwarded to the treasurer of the school corporation for checks to be written in payment thereof. Accordingly, each accounts payable voucher (claim) should be made available for examination by each member of the board present at a public meeting.

The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. IC 5-11-10-1.6

The board may use signature stamps for approving accounts payable vouchers (claims) if the board adopts a resolution approving such use. Separate individual signature stamps would be required for each member of the board since all members may not be present at each meeting. If signature stamps are used, each stamp must be in the possession or control of the person whose signature is contained thereon.

IC 5-11-10-2 requires the State Board of Accounts to prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document. IC 5-11-10-2 further provides that when such list is signed by members of the governing body, showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members of such governing body to sign each claim. The form prescribed under this provision shall be prepared by or filed with the disbursing officer of the political subdivision (Treasurer of a School Corporation) together with the

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**APPROVAL OF CLAIMS BY GOVERNING BOARD**  
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supporting claims and all such documents shall be carefully preserved by the disbursing officer as a part of the official records of the office.

To fulfill this requirement, the State Board of Accounts has prescribed General Form No. 364 titled "Accounts Payable Voucher Register". The form provides for showing the dates of the period covered and the number of each page and the total number of pages, the date the claim was filed with the school corporation by the claimant, the number assigned to the claim by the school corporation, the name of the claimant, the fund to which the payment will be charged, the amount of the claim as filed, the amount allowed by the board, the check number and any necessary memoranda concerning the claim, particularly in relation to amounts disallowed.

When using General Form No. 364 in the process of allowing claims, it is not necessary for a member of the board to sign or initial each claim. All members present at the meeting at which the claims listed on the register are allowed, in whole or in part, must sign the register.

IC 20-5-6-6.6 provides that a governing body pursuant to its powers to fix and pay the salaries and compensation of employees of the school corporation and to contract for services may distribute payroll based on contractual and salary schedule commitments in lieu of payroll estimates approved in advance by the governing body. A discussion of IC 20-5-6-6.6 with an assistant attorney general provided the interpretation that to authorize the treasurer to make payment of salaries and compensation without prior board allowance of each payroll claim, the board must pass (one time only) a resolution to provide the treasurer with such authority. Payroll claims must then be presented to the board at its next regular meeting to ratify the action of the treasurer.

**SINGLE AUDIT ACT AMENDMENTS OF 1996**

Congress recently amended the Single Audit Act of 1984 with the Single Audit Act Amendments of 1996 (Amended Act). The Amended Act provides that audits (State Board of Accounts audits) beginning with the fiscal year July 1, 1996 to June 30, 1997 be performed under the guidelines provided by the Office of Management and Budget (OMB) Circular A-133. Grants currently being issued are included. The Amended Act and Circular A-133, in addition to other items, have placed new requirements on the recipients of federal awards. Each recipient of federal awards will be required to identify all federal awards received and expended and the federal programs under which they are received. The Amended Act and Circular A-133 require that the federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, the name of the federal agency, and name of the pass-through agency. These new requirements are in part designed to make each recipient of federal awards more aware of the federal programs received and disbursed.

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SINGLE AUDIT ACT AMENDMENTS OF 1996  
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Situations have occurred in some audits where auditors have been known to spend significant amounts of audit time sorting through accounting records and federal files in order to obtain the required information concerning federal awards. The new requirements place the responsibility upon the recipient to provide that information upon request. An important consideration is that the requirements also apply to pass-through recipients of federal awards. Therefore, school corporations that receive federal awards passed through the Department of Education or other pass-through entities, will also be required to provide appropriate CFDA titles and numbers, award numbers, and name of the federal agency providing the award. School corporations which then in turn pass-through federal awards to subrecipients, will also be required to provide the information to each subrecipient.

OBSOLETE VOLUME

All articles of Volume 96 of The School Administrator and Uniform Compliance Guidelines have now been updated and reprinted in later volumes or are no longer applicable. Thus Volume 96, which was distributed December 1986 may now be deleted from your files.

UPDATE TO SCHOOL CORPORATION MANUAL AND COMPLIANCE GUIDELINES

Please replace the respective pages in the Manual with the corrected pages attached. The computer disk version of the Manual is correct.

TECHNOLOGY GRANTS - CLARIFICATION OF FUNDS

The following funds are used for accounting for Technology grants:

- Source - Corporation for Education Technology IC 20-10-25.1  
Fund 373 - technology grants - buddy system, receipt 3218 (from IC 4-34-3-3)
- Source - Department of Education  
Fund 374 - grants for purchase of equipment, receipt 3217  
Fund 378 - technology planning grants, receipt 3216, (from IC 4-34-4-5)
- Source - Intelenet Commission - ACCESS Indiana  
Fund 377 - phone line installation, monthly network access charges, including Internet charges), one-time equipment purchases and training, receipt 3215 (from IC 4-34-3-4).
- Source - Direct from United States Department of Education  
Fund 672 - Challenge Grant for Technology